



CALGARY, ALBERTA – AUGUST 27, 2014

QUESTFIRE ENERGY CORP. ANNOUNCES 2014 SECOND QUARTER FINANCIAL RESULTS

Questfire Energy Corp. (the “Corporation” or “Questfire”) (TSX Venture – Q.A, Q.B) is pleased to announce that it has filed on SEDAR its unaudited financial statements and related management’s discussion and analysis (“MD&A”) for the three month and six month periods ended June 30, 2014.

Financial and Operating Highlights

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Financial				
Oil and natural gas sales	\$ 17,130,571	\$ 10,532,541	\$ 38,086,390	\$ 10,596,662
Funds flow from operations ⁽¹⁾	4,410,433	2,876,531	12,800,250	1,925,284
Per share, basic	0.33	0.22	0.97	0.15
Per share, diluted	0.19	0.08	0.43	0.09
Income	8,171,517	1,381,114	22,546,797	278,171
Per share, basic	0.61	0.11	1.71	0.02
Per share, diluted	0.36	0.04	0.76	0.02
Capital expenditures	3,240,324	1,033,387	6,416,327	1,043,902
Property acquisitions (dispositions)	(3,752,297)	80,893,448	(3,792,346)	81,093,448
Working capital deficit (end of period) ⁽²⁾			5,464,188	43,135,885
Long-term contract obligation (end of period)			14,920,445	-
Long-term bank debt (end of period)			37,000,000	-
Non-current debentures (end of period)			-	30,416,934
Shareholders’ equity (deficiency) (end of period)			21,308,953	(1,546,735)
Shares outstanding (end of period)				
Class A			17,293,001	12,963,001
Class B			550,440	2,055,840
Options outstanding (end of period)			2,671,000	1,466,000
Warrants outstanding (end of period)			-	1,510,000
Weighted-average basic shares outstanding	13,418,386	12,902,012	13,191,951	12,857,752
Weighted-average diluted shares outstanding	23,061,694	47,825,181	31,143,854	14,451,568
Class A share trading price				
High	2.60	1.47	2.60	1.47
Low	1.50	0.50	0.95	0.50
Close	2.50	1.25	2.50	1.25

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Operations ⁽³⁾				
Production				
Natural gas (Mcf/d)	22,123	17,479	22,754	8,827
NGL (bbls/d)	601	415	635	209
Crude oil (bbls/d)	434	342	420	174
Total (boe/d)	4,722	3,670	4,847	1,854
Benchmark prices				
Natural gas				
AECO (Cdn\$/GJ)	4.45	3.35	4.95	3.19
Crude oil				
WTI (US\$/bbl)	102.96	94.29	100.82	94.32
Edmonton par (Cdn\$/bbl)	106.67	92.94	103.42	90.77
Average realized prices ⁽⁴⁾				
Natural gas (per Mcf)	4.83	3.60	5.41	3.60
Natural gas liquids (per bbl)	66.24	55.64	74.53	55.66
Crude oil (per bbl)	95.62	87.16	95.07	87.12
Operating netback (per boe)	16.74	14.77	20.89	14.77
Funds flow netback (per boe)	10.26	8.61	14.59	5.74

⁽¹⁾ For a description of Funds flow from operations, refer to the commentary in the Management's Discussion and Analysis under Additional GAAP measures.

⁽²⁾ Working capital deficit includes risk management contracts of \$2,166,459. Excluding this, the working capital deficit would be \$3,297,729.

⁽³⁾ For a description of the boe conversion ratio, refer to the "Reader Advisory".

⁽⁴⁾ Before hedging.

Second Quarter 2014 Corporate Highlights

- Achieved average production of 4,722 boe per day, 78 percent natural gas.
- Achieved quarterly sales of \$17.1 million and funds flow from operations of \$4.4 million (\$0.33 per basic share).
- Made capital expenditures of \$3.2 million, focused on drilling, well workovers, recompletions and facility maintenance and optimization.
- Repurchased 1,505,400 million Class B shares at \$2.60 per share.
- Converted all remaining convertible debentures into 2,870,000 Class A shares, extinguishing \$1,435,000 of liabilities.
- Sold 61 boe per day (56 percent natural gas) of non-core production for \$3.8 million.
- Commenced the summer drilling program in late June with vertical light oil drilling at Open Lake and heavy oil horizontal drilling at Mannville.

President's Message

Second Quarter 2014 Developments

The Questfire team continued to make good progress on all fronts during the quarter. Operationally much work was done in preparation for the summer drilling program and on ongoing well and facility optimization projects. Corporately, we continued to simplify our share structure and to reduce debt.

Parts of southwest Alberta experienced intense rainfall and localized flooding in mid-June, resulting in a 17-day shut-in of Questfire's Lookout Butte gas plant, which produces approximately 900 boe per day net to Questfire. Operations staff reacted quickly and safely shut-down and de-pressured the facilities. They also worked proactively with the Alberta Energy Regulator (AER) to assess and monitor the situation, helping to minimize downtime and allowing production to resume as quickly as possible. Along with various unscheduled third-party outages, the shut-in reduced average production in the second quarter by approximately 230 boe per day. At present Questfire's field estimated production is 5,200 boe per day, with approximately 200 boe per day of production awaiting tie-in. With recent drilling results, Questfire is well-positioned to achieve or exceed its year-end production target of 5,500 boe per day.

Capital spending for the quarter totalled \$3.2 million, with \$2.0 million of that spent on drilling and completions late in the quarter. The summer drilling program commenced only at the end of June due to the aforementioned wet conditions. The drilling program was comprised of four 100 percent working interest, Questfire-operated wells: two vertical oil wells at Open Lake in west central Alberta and two horizontal heavy oil wells in the Mannville field in east central Alberta. At Open Lake the first well was successful, coming on production in early August and currently producing approximately 310 boe per day (110 bbls per day of light oil and NGL plus 1.2 MMcf per day of natural gas). The second Open Lake well was unsuccessful and abandoned. The Mannville horizontal oil wells had very encouraging drilling results and have just been placed on production, but will require some time to clean up and reach stable production rates. Additional non-operated horizontal oil drilling commenced subsequent to quarter-end in July at Auburndale, where three gross (one net) horizontal heavy oil wells encountered excellent reservoir quality and are expected to be on production before month-end.

During the quarter natural gas prices declined from the winter season highs due to the typical reduced demand of the spring shoulder season. Questfire's realized average natural gas price of \$4.83 per Mcf was, however, 34 percent higher than the \$3.60 per Mcf realized in the comparative quarter of 2013, helping to achieve funds flow from operations of \$4.4 million for the quarter.

Current natural gas storage inventories in North America remain well below the five-year historical weekly averages and industry projections anticipate lower-than-average gas storage volumes entering the winter season. This bodes well for natural gas prices over the next 12 months.

During the quarter Questfire continued to make significant progress on simplifying the Corporation's share structure and reducing overall debt. The previously press-released repurchase of 1.5 million Class B shares closed in May, reducing the number of Class B shares outstanding to only 0.55 million. The 2012 \$1.5 million convertible debenture matured in June and was converted into 2.87 million Class A shares along with the exercise of 1.46 million Class A share warrants. Warrant proceeds were \$1.095 million and the current number of basic shares outstanding is 17.293 million Class A shares and 0.55

million Class B shares. In May the sale of 61 boe per day (56 percent natural gas) of non-core production for \$3.75 million was completed with the proceeds used to reduce bank debt.

The second half of 2014 will be busy for the Questfire team with the recently drilled wells coming on production and with continued drilling and recompletion projects. For the remainder of 2014 we expect to participate in the drilling of 12 gross (3.7 net) horizontal heavy oil wells at Wildmere and Auburndale in east central Alberta and in three gross (two net) CBM wells at Chigwell. A Questfire-operated, high-working-interest, five-well gas recompletion program is also being prepared for the Viking Kinsella field, to begin early in the fourth quarter. Our focus remains on increasing the Corporation's oil and NGL production and resulting cash flow, while keeping capital spending within our projected cash flow.

Questfire Energy Corp. is an Alberta-based company formed to participate in oil and gas exploration, development and acquisitions focusing in the W4 and W5 regions of Alberta. The Corporation's shares trade on the TSX Venture Exchange under the symbols Q.A and Q.B. The Corporation currently has 17,293,001 Class A shares and 550,440 Class B shares outstanding.

To view a full copy of the Corporation's unaudited financial results for the period ended June 30, 2014, including the Corporation's unaudited financial statements and accompanying MD&A, please refer to the SEDAR website at www.sedar.com or contact the Corporation at Questfire Energy Corp., 1100, 350 – 7th Ave S.W., Calgary, Alberta, T2P 3N9.

Reader Advisory

This news release contains certain forward-looking statements, including management's assessment of future plans and operations, and capital expenditures and the timing thereof, that involve substantial known and unknown risks, uncertainties, and assumptions certain of which are beyond Questfire's control. Such risks, uncertainties, and assumptions include, without limitation, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada, the United States and overseas, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Questfire's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Questfire will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Questfire or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this news release are made as at the date of this news release and Questfire does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Petroleum and natural gas volumes are converted to an equivalent measurement basis referred to as a "barrel of oil equivalent" (boe) on the basis of 6 thousand cubic feet of natural gas equalling 1 barrel of oil. This is based on an energy equivalency conversion method applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead, which under current commodity price conditions is in the range of 15-20 Mcf to 1 bbl. Readers are cautioned that boe figures may be misleading, particularly if used in isolation.

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To request a free copy of Questfire's financial report or if you would like to be put on Questfire's mailing list please contact Ronald Williams, Vice President, Finance and CFO at rwilliams@questfire.ca.

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